

CUSTOMER-BASED SERVICE QUALITY

- 1. Three main approaches to standards setting**
 - A. Authoritative**
 - B. Competitive market**
 - C. Customer-based**

- 2. Customer-based approach recognizes**
 - A. Markets insufficiently competitive**
 - B. Need to eliminate client/agent problem**
 - C. Need mechanism for direct measurement**
 - D. Two-step process: preferences and state regulatory goals**

TABLE 2-3**BILLING FREQUENCY PREFERENCES BY AGE OF RESPONDENT**

| Billing Preference | Total Response | Age 18-34 | Age 35-54 | Age 55 or over |
|--------------------|----------------|-----------|-----------|----------------|
| Every Month | 4 | 6 | 4 | 4 |
| Every Two Months | 2 | 2 | 1 | 2 |
| Every Three Months | 14 | 14 | 18 | 7 |
| Every Six Months | 79 | 78 | 77 | 87 |
| No Answer | 1 | - | - | - |

Source: City of Madison, *Quality and Improvement Project Report*, 1995.

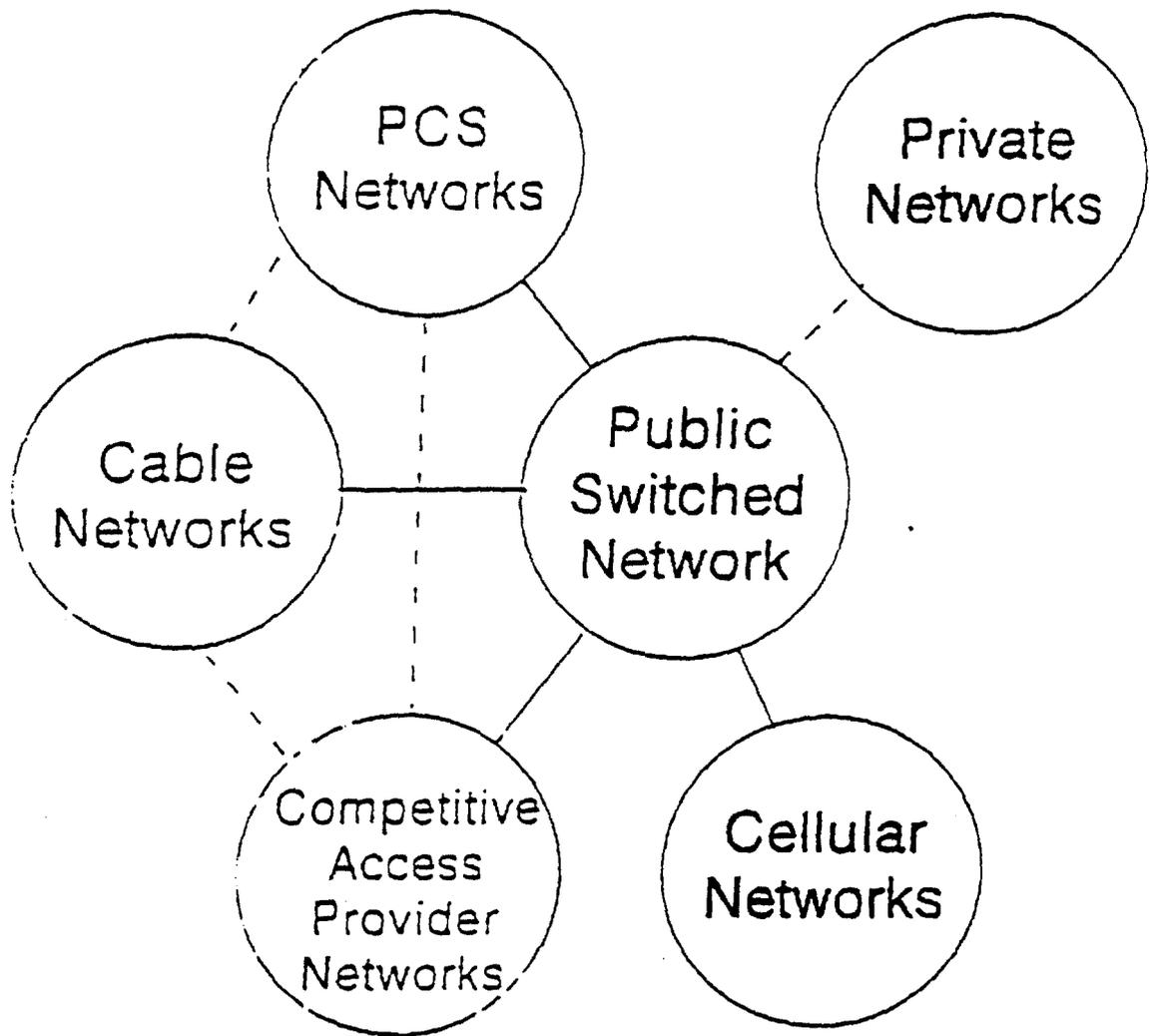
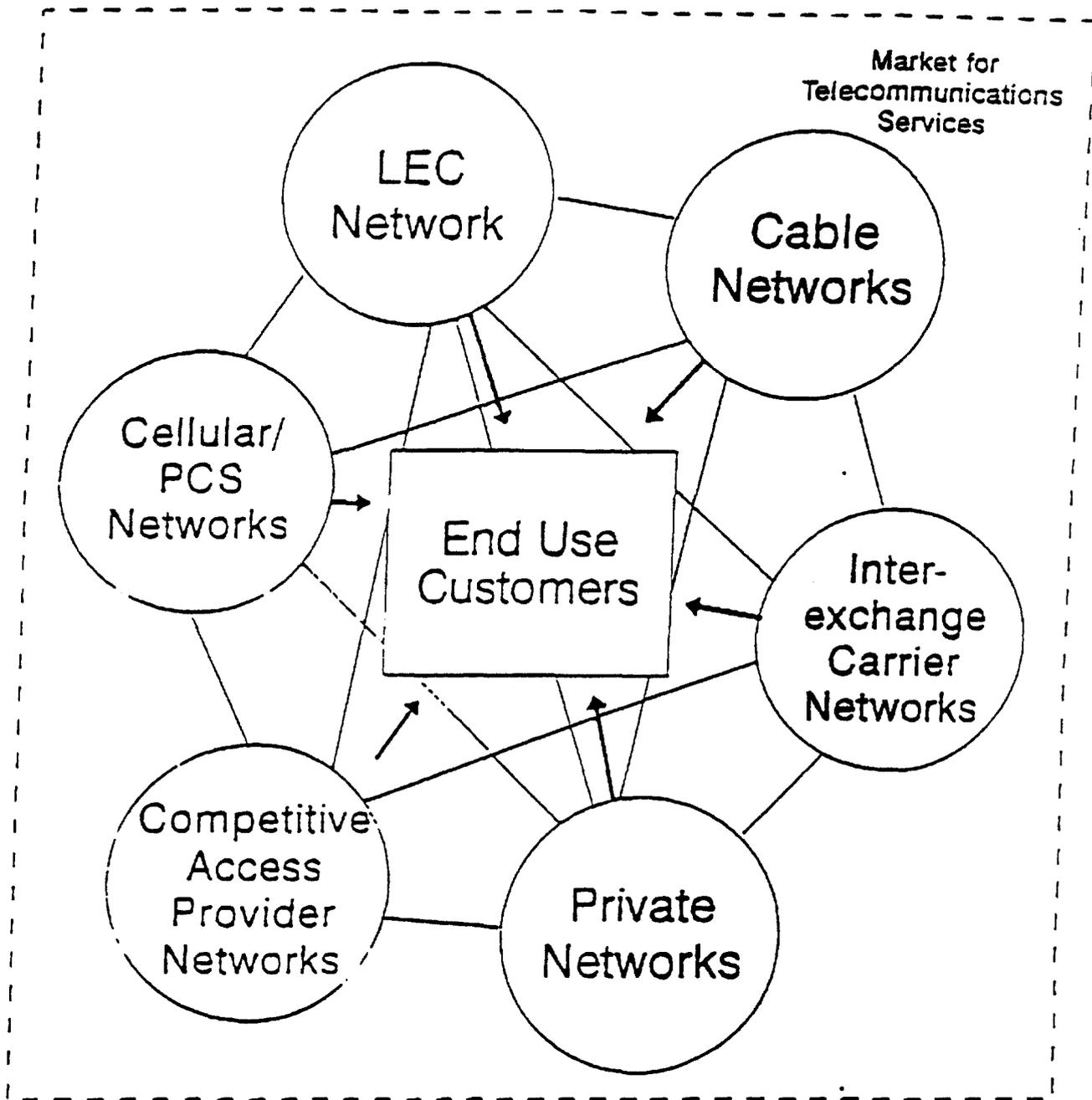


Fig. 2. The Linchpin Network Model.

Source: Author's construct.



The Intermeshed Network Paradigm

Source: Author's construct, based on Bernt. *Regulatory Implications of Alternative Network Models*.

| | Past | | | |
|--|---|--|-----------------------------|---|
| Network | Unified | Parallel Services | Linchpin | Intermeshed |
| Market Structure | Monopoly | Duopoly or Oligopoly for some services | Oligopoly for many services | Competitive |
| Economic Regulation¹ | Ratebase/ rate-of-return | "Alternative" Regulation | Price Regulation | Demand |
| Protective Regulation | Traditional quality of service regulation | | | Customer-centered quality of service regulation |

Approaches to quality of service in the transition to an intermeshed network.

¹ This trendline is descriptive rather than prescriptive of observed changes in economic regulation. The reader should not infer that there ought to be price regulation when there is oligopoly.

DIMENSIONS OF QUALITY AND COLORADO'S PROPOSED TELECOMMUNICATION CONSUMERS' BILL OF RIGHTS

| Dimension of quality | Provision in Bill |
|----------------------|--|
| Availability | <ul style="list-style-type: none"> • Equal opportunity to access basic and advanced services within reasonable time frames; • Continued free access to '911' in each county; • All numbers listed in a central directory. |
| Reliability | <ul style="list-style-type: none"> • Better quality services at prices comparable to today's price or less; • No reduction in transmission quality if different providers used. |
| Security | <ul style="list-style-type: none"> • Confidential conversations and transmitted data; • Nonlisted or/and nonpublished numbers; • Protection from unauthorized use of equipment, records and/or payment history. |
| Flexibility/Choice | <ul style="list-style-type: none"> • Increased choice of telecommunications provider(s) and services within reasonable timeframes; • Notification to consumers about any pending changes in prices and services. |
| Simplicity | <ul style="list-style-type: none"> • Network set up so that it appears seamless to the consumer; • Consumers able to make and receive calls using any provider without dialing extra codes; • Consumers able to keep their telephone numbers when they change provider(s) if they remain within their same neighborhoods; • Easily understood descriptions of services, how to use the services and how much they will cost. |
| Assurance | <ul style="list-style-type: none"> • Ability to contact a consumer hotline staffed by each provider and affording the opportunity to solve problems; • No changes in choice of providers and services without authorization of the commission. |

Source: Colorado Public Utilities Commission Staff, *Public Outreach Meetings Report, House Bill 95-1335, Appendices, p. ii.*